

The Lifecycle of CSR Programs. Inti Raymi Gold Mine.

Just as corporations have an organizational life cycle, so too do the socially responsible programs that corporations create. Perhaps no operation better knows that projects have a beginning, middle and end than a mining company.

The Inti Raymi gold mine is Bolivia's most important and is responsible for over 60% of the gold production in the country. It has created 700 jobs filled by Bolivian citizens that combined represent USD \$8.2 million per year in salaries and benefits. The mine also spends USD \$18 million annually on local goods and services and pays USD \$4 million in taxes. The Newmont Mining Corporation, a company that became the world's largest gold producer in early 2002, is the majority owner of the Inti Raymi mine. As is characteristic of extractive companies, Inti Raymi is in constant interaction with the local community. Company commitment to social responsibility through community engagement is a major determining factor as to whether that relationship will be mutually beneficial or antagonistic. With respect to business operations, the Inti Raymi mine has one of the best reputations in Bolivia, evidenced by its strong safety & health record and good relations with the union representing the mine workers. In the area of community engagement, the mining company created a Foundation to achieve its external social responsibility objectives.

Inti Raymi

Since 1997 the Inter-American Foundation has committed over US\$ 250,000 to the Inti Raymi Foundation. Counterpart funding from Inti Raymi and other sources totals more than US\$250,000.

*The scope of Inti Raymi's activities goes beyond IAF funded projects.

Inti Raymi Foundation.

The Inti Raymi Foundation was formed in 1991 in order to promote sustainable development by creating an alliance between the public, private, and civil sectors. Today, grassroots development is one of the Foundation's key objectives and the organization works with the communities surrounding the mine in two main thematic areas. The first, called "productive investment" by the Foundation, centers on small business and income generating opportunities and includes projects such as a micro-business incubator and a micro-credit program. The second, called "social or quality-of-life investment," focuses on community empowerment through projects that build leadership capacity as well as responding to infrastructure priorities identified by the local population.

Early Years.

Early in its timeline of community involvement, the Inti Raymi Foundation carried out a number of beneficial programs. Examples include health initiatives such as the construction of a hospital and economic development initiatives including a sheep production project. Some of the projects were primarily intended for the mineworkers,

but were made available to the wider community as well. Others, such as the sheep-raising and marketing projects did not include miners at all and were targeted towards other segments of the population. Though the programs were described as successful and well-received overall, the Foundation managed a top-down model of program funding, with ideas and implementation of projects being generated by Inti Raymi and communities not included as part of the planning process. To capitalize on corporate-sponsored social programs, communities must be able to participate fully and equally in this and other aspects of the mine's operations. When local people are equal stakeholders, sensitive issues such as land tenure and usage rights can be resolved in a transparent manner. Inti Raymi has discovered that if communities are part of the negotiations process, agreements necessary for the mine's existence are resolved much more quickly which in turn increases profitability. Those agreements that have a certain legitimacy in the eyes of the people and the mine's daily operations are less likely to be interrupted by civil unrest.

The Role of the IAF.

The IAF's methodology promotes the organizational motto "they know how." In practice this means that communities have their own ideas for development projects they would like to design and implement given access to the necessary funding. This type of 'responsive funding' concerns itself with the process of community development as much as the actual results of the project. Beyond the physical benefit of a new well or schoolhouse is the community's ability to participate as a full partner and to hone skills necessary to manage its own destiny. More than donating funds to Inti Raymi's programs, the IAF transferred its method of funding. Included in this transfer was the IAF system of project results measurement, the Grassroots Development Framework. The result was a decentralized fund that would respond to community project proposals, capitalized jointly by the IAF and Inti Raymi. Both organizations shared the mutual goal of community development. The IAF helped Inti Raymi to implement a more efficient way of accomplishing this.

The Future of the Mine and Foundation.

Whenever a large corporation has a physical presence in a specific location, expectations are raised within the surrounding community. This is particularly true in regions where residents have little or no other means of economic security available outside of the company's activities. Inevitably, extractivists are in the commodity business. They, like the local community, depend on the supply of natural resources available. There is one significant distinction however, in that the mining corporation will eventually close operations and move on, while the community cannot. In the case of Inti Raymi knowing that the life of the mine is finite, community, corporation and Foundation have worked together to develop a strategic plan to assure a smooth transition once their concession is over. Their overarching goal is to achieve continuity in the design, funding and implementation of social programs, so that even after the mine shuts down the foundation can continue.

To that end, the Foundation is exploring an endowment fund with seed capital from the company. As a first step, Inti Raymi created a U.S. based foundation for the purpose of fundraising. However, like many foundations since September 11th, this U.S Foundation

has had limited success in raising funds. Other sources of funding, such as the Bolivian expatriate community, are also being explored. Beyond organizational self-sufficiency, Inti Raymi is considering project specific sustainability for certain activities like its micro-credit program. Another important factor in long-term planning is the development of sustainable leadership. Attracting visionary leaders to run the Foundation could become more difficult once the business interest is no longer behind the organization. In response, Inti Raymi expects to open its Board of Directors to both community members as well as nationally known leaders thereby increasing both the talent pool and the visibility of the foundation's management. Finally, certain procedural issues have already been planned in conjunction with community input, such as ownership of land and payment/compensation for land use. Due to the presence of the mine for so many years, the region enjoys good infrastructure such as roads, electricity, and airport, etc. This could open the door for new productive land use. Possible replacement institutions once the mine shuts down are an industrial park, a university, or a wildlife habitat. Whichever option is pursued will have the strength of community consensus behind it.

Lessons Learned:

- For corporations involved in socially responsible programs, there is a learning curve which can be accelerated by partnerships with institutions that have experience in community engagement;
- Though obvious for a mining company, a well planned exit strategy should be a part of every company's efforts in community engagement;
- Individual social projects are part of a strategic plan to build capacity and leadership within the community.

<p><i>Kellee James is an intern at the Inter-American Foundation and an MBA/MA International Development candidate at American University in Washington, D.C.</i></p>
